Long Term Care

Presentation to the LTC Task Force

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Estimated Increase in WA's Elderly Population 2004-2025

Ages	2004	2010	2015	2020	2025
65-74	351,184	444,059	598,181	745,142	838,930
Increase. from '04		26%	70%	112%	139%
75-84	245,810	241,464	262,294	331,062	451,314
Increase from '04		-2%	7%	35%	84%
85 +	98,655	120,992	130,944	139,343	157,843
Increase from '04		23%	33%	41%	60%
Total 65+	695,649	806,515	991,420	1,215,548	1,448,089
Increase from '04		16%	43%	75%	108%

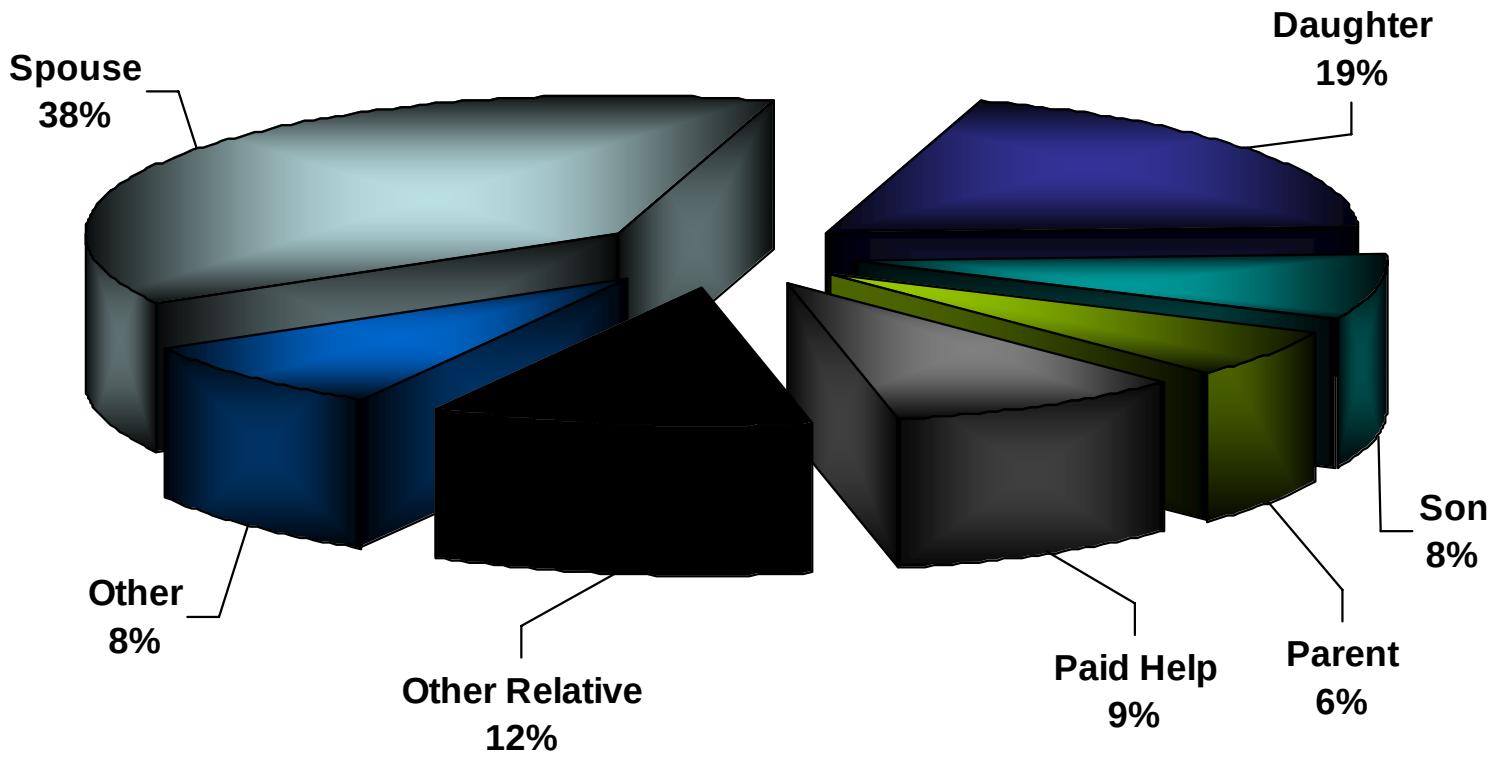
The Impact of Population Growth is Uncertain

- Prevalence of any chronic disability decreased by 25% between 1984 and 1999 (from 26.2% of total elderly pop to 19.7%)
- Rate of decrease is accelerating– from .4% per year 1989-94 to .6% per year 1994-1999.
- However, these gains could be threatened by increasing obesity of the population and related conditions.

Younger Disabled Population is a Factor

- Nationwide, 37% of people who need LTC are under 65 years of age.
- Washingtonians reported slight increase in incidence of conditions limiting activities between 2000 and 2004 (10.2% - 10.4%).
- Estimated 10% of Washingtonian's 45+ have diabetes and another 100,000 are unaware that they have it.
- Types of services desired by younger disabled individuals can be different than services traditionally offered the elderly.

Nationwide, 70% to 80% of non-paid long-term care assistance is provided by family and friends



What is the government's involvement?

- **Medicaid is the primary funding source for long-term care programs nationwide. Societal changes are reducing availability of informal caregivers – more people rely on paid caregivers.**
- **Medicaid finances comprehensive health and related services: primary, acute, long-term care, DD supports, mental health services**
- **Medicaid's highest expenditures are for the aged and disabled population**
- **Medicaid accounts for 78% of the DSHS budget**

Medicaid comes with restrictions

- Federal gov't provides approx. half of the program funding.
- Federal Medicaid law mandates certain LTC services (institutional bias)
- Medicaid law allows states to choose to provide non-institutional services through state plan and waivers
- States determine services & eligibility within limits.

Current actions at the federal level

- Ongoing Federal discussions about Medicaid reform --reduce expenditures.
- NGA proposed changes to tighten up eligibility for persons who transferred assets in order to qualify for Medicaid.
- Feds encouraging pilot programs to slow growth of publicly-funded LTC (cash/counseling grants, LTC awareness, aging/disability resource centers)

Financial Eligibility (Effective January 2005)

- Basic SSI level is $579/month for single person
- COPES & DD Home and Community Based Services (HCBS) waiver income level is 300% of SSI or $1,737
- Waiver resource levels:

  $2,000 single $4,000 married
- Medically Needy income varies up to the cost of service
- Client may keep some income to maintain a home or provide for personal needs. Client participation is required for waiver & NH services – higher income individuals pay more.

COPES HCBS Waiver Benefit

COPES eligibility same as Nursing Facility Level of Care:

- **Needs substantial or total assistance with (2) ADLs; or**
- **Needs cognitive supervision and requires substantial or total assistance with one or more ADL tasks; or**
- **Requires minimal, substantial or total assistance in three or more ADL tasks**

Washington's Waivers

- COPES – approx 23,500 clients receive services in own home, boarding home or adult family home. Ancillary services also covered (skilled nursing, home delivered meals, adult day care, etc.)
- Medically Needy In-Home- approx 15 clients with slightly higher incomes receive in-home services. Program began 5/04
- Medically Needy Residential – approx 300 clients with slightly higher incomes receive residential services. Program began 3/03.
- Cash and counseling – clients manage their own budget and make decisions on how many hours of personal care or other services they need.

Medicaid Personal Care Benefit

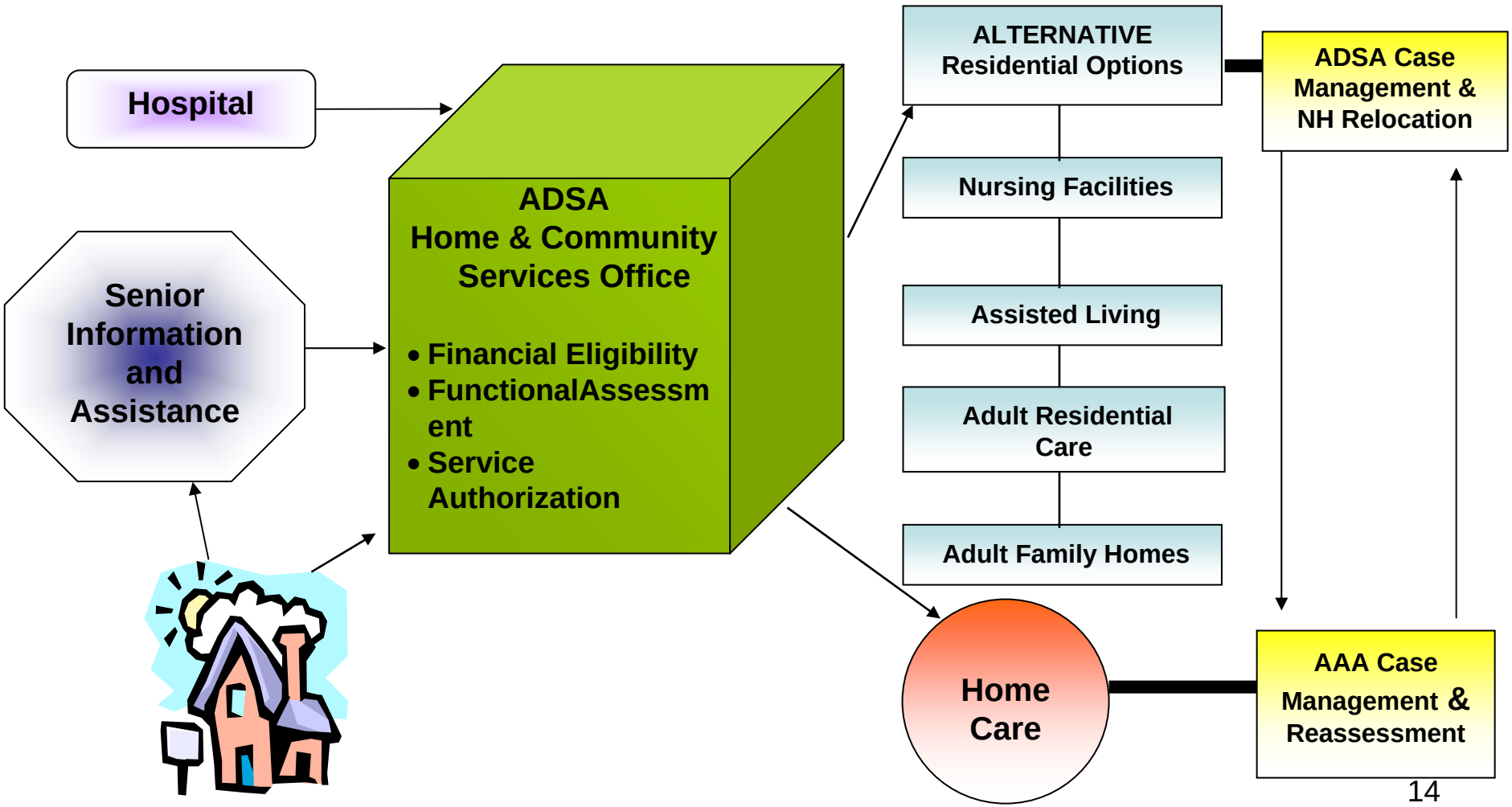
Client requires substantial assistance with at least one, or minimal assistance with more than two, of the following direct personal care tasks:

- **Eating, toileting, self-medication**
- **Personal hygiene, bathing**
- **Specialized body care, dressing**
- **Transfer/positioning, ambulation**

Additional Supportive Services

- Self-directed care – individual directs his/her own health related tasks through a non-licensed, paid personal aide.
- Nurse delegation – non-licensed, paid personal aide assists client with nursing tasks under the direction of a licensed nurse. Services available in client's own home or residential facility.
- Specialized dementia care in boarding homes. Facilities receive specialized training, enhanced rate.

The Long-Term Care Delivery System



Long-Term Care Service Settings

Setting	Number/Size of Facilities (July '05)	Number of Residents (July '05)	Range of Medicaid Rates
Adult Family Home	2,334 licensed facilities Average 5.5 beds	3,731 state-funded residents 12,767 licensed beds	$45.90 - $87.15/ Day
Boarding Home (Assisted Living, Adult Residential Care, Enhanced Adult Residential Care)	549 licensed facilities Average 47 beds	6,299 state-funded residents 26,011 licensed beds	$45.27 - $101.84 / Day
In-Home	N/A	26,101 state-funded clients	$9.20 - $15.38 / Hour (avg monthly pymt approx. $1,200)
Nursing Home*	252 facilities* Average 89.8 beds	12,051 state-funded residents 22,723 licensed beds	$147.14 / Day (average)

* Includes nursing homes that are Licensed and Certified, Licensed Only, and Hospitals with Long-Term Care Wings

How Medicaid Payment Rates are Established

- Nursing Home
  - Payment system is in statute
  - Each home has unique rate based on assessment of client needs
  - Rates reflect detailed costs of staff, administration, capital, operations, etc.
- Boarding home/adult family home
  - 6 payment rates, depend on needs of client. Adjustment made for King County, MSA, non-MSA
- In home
  - Service hours authorized based on one of 12 levels of need
  - Agency hourly rate set by budget
  - Individual provider hourly rate largely determined through collective bargaining process.

State Oversight of Services

- ADSA staff conduct an initial assessment of individuals requesting services.
- Assessment is standardized to ensure that service authorization is consistent for persons with same levels of need.
- Case managers (ADSA or AAA staff) re-assess needs upon significant change or at least annually.
- Quality Assurance Unit ensures compliance.

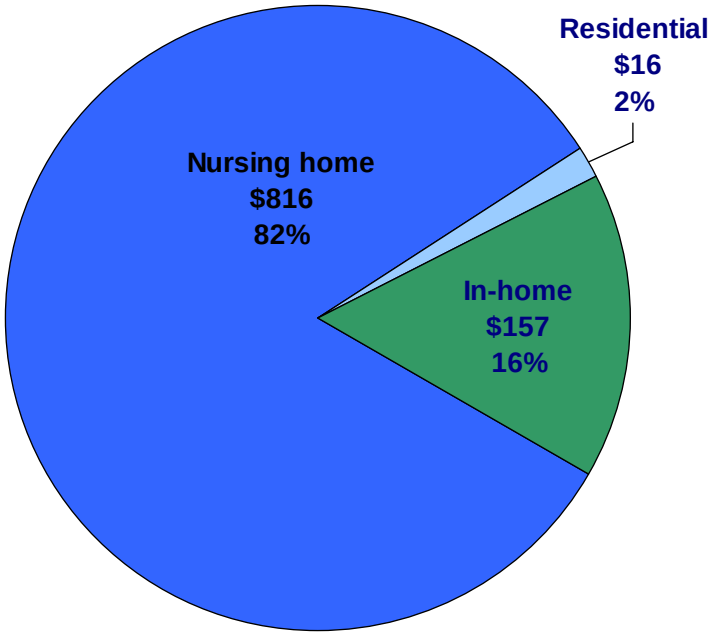
State Oversight of Services

WA has mechanisms in place to oversee quality of care for all LTC clients – not just those paid for with state funds.

- Federal requirements for nursing home Medicare/Medicaid certification and complaint investigation.
- State law requires license for all residential settings
- LTC Ombudsman is a presence in residential settings.
- Medicaid Fraud Unit investigates criminal activities in residential settings.
- State law provides for complaint investigation in residential settings.
- Case managers provide oversight for in-home services.
- APS investigates reported abuse/neglect of vulnerable adults living in their own homes.
- Dept. of Health licenses home care and home health agencies and investigates complaints.

Medicaid long term care expenditure shift resulting from efforts to expand home and community services

1991-1993 biennium

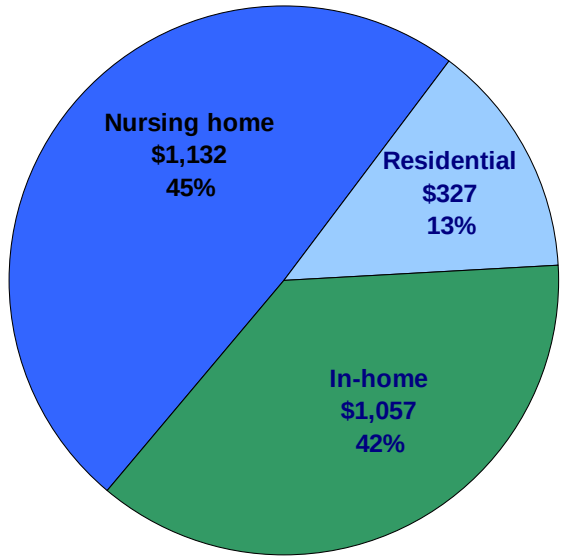


Total = $989,000,000

Caseload of all services approx 38,000

$ in Millions

2005-2007 biennium

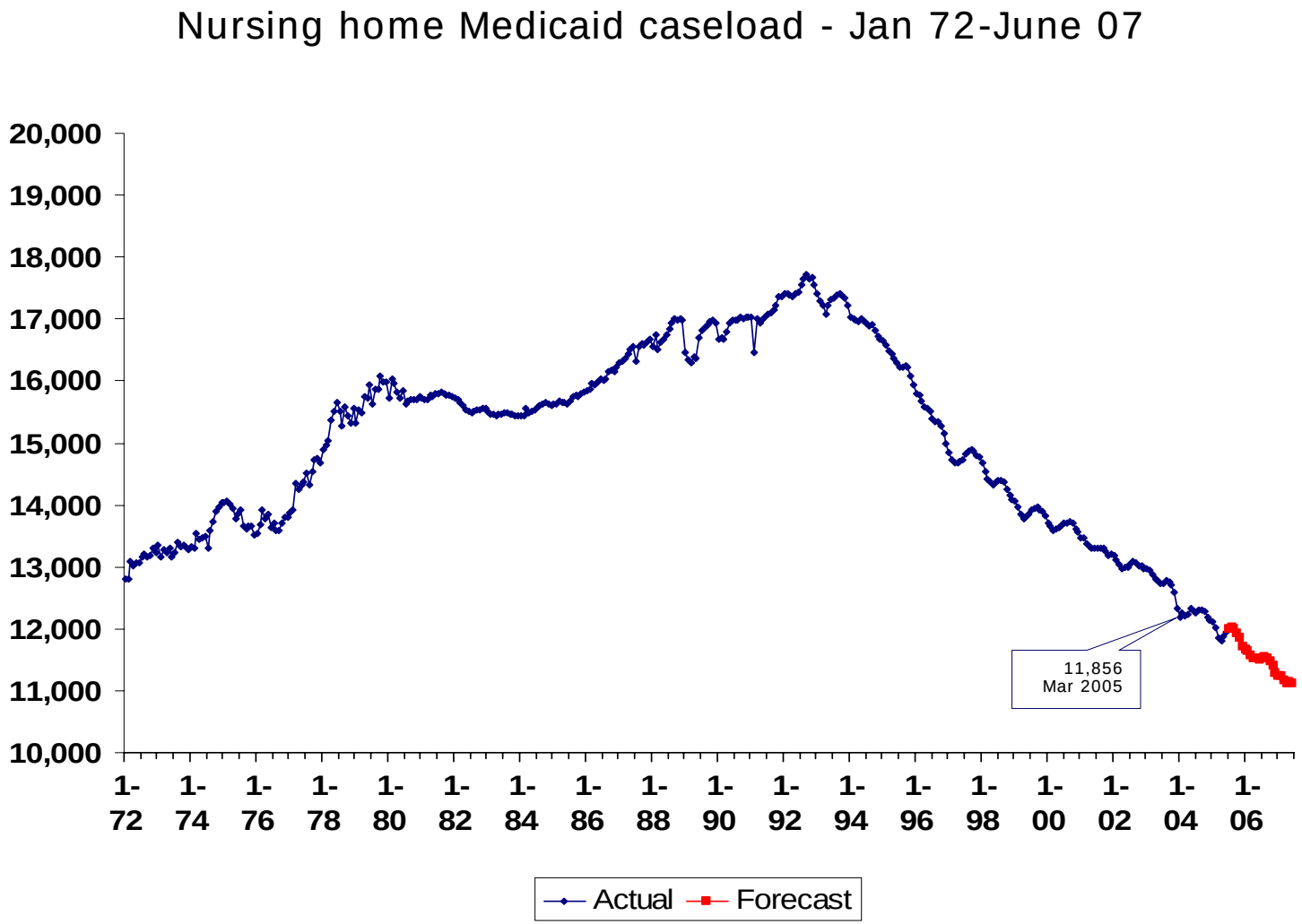


Total = $2,517,000,000

Caseload of all services approx. 47,000

SOURCE: ADSA BUDGET OFFICE Aug 2005

The Medicaid nursing home caseload continues to reduce as a result of efforts to offer home and community services



- The average monthly cost per case for nursing homes is $3,505
- The average monthly cost per case for community services is $1,155

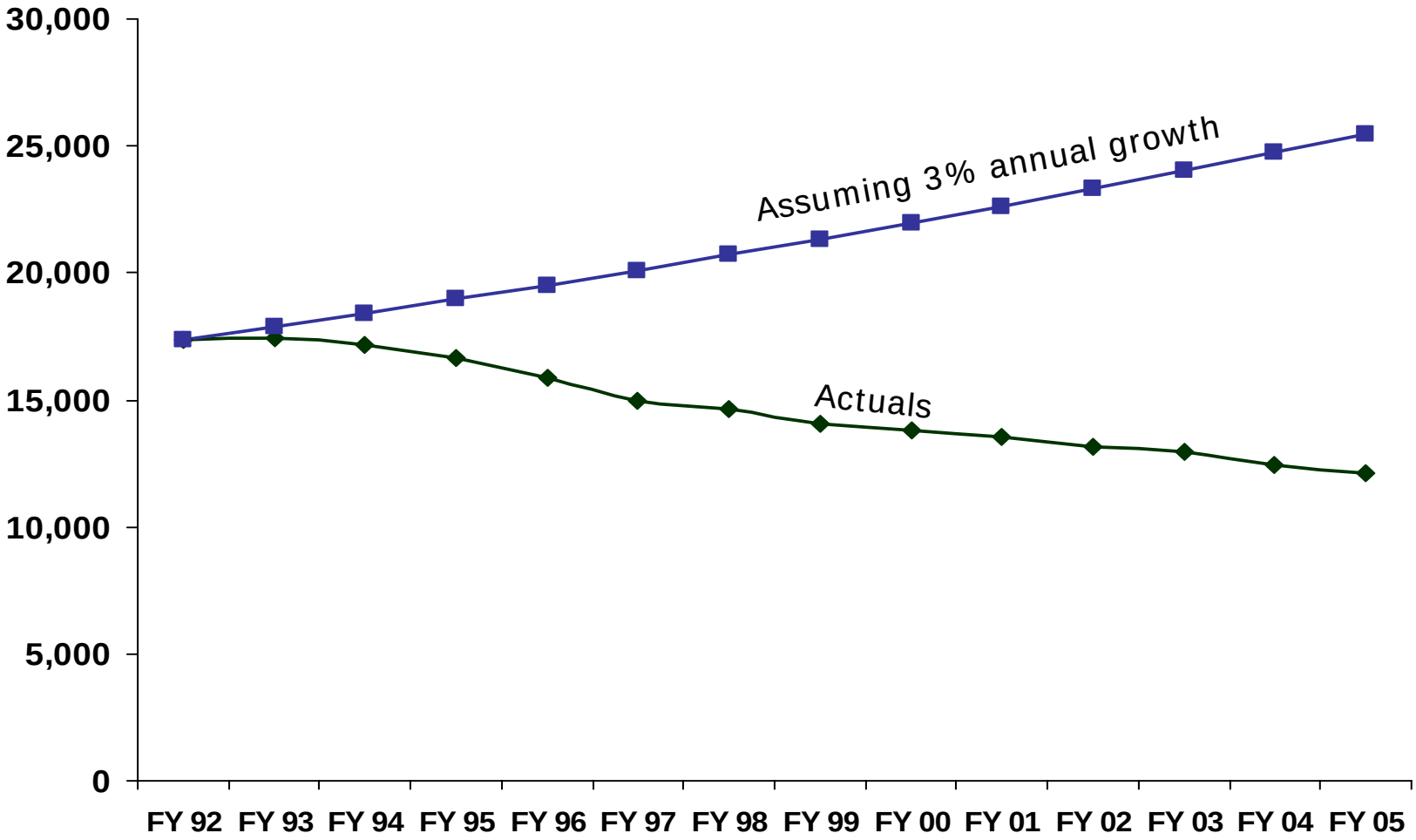
SOURCE: EMIS Sep 2005

GOAL:

- Goal for nursing home caseload is 11,505 for June 06, 11,127 for June 07

SOURCES: Actuals - MMIS; Forecast – CASELOAD FORECAST COUNCIL

Estimate of Medicaid nursing home clients if Washington had not expanded home and community options

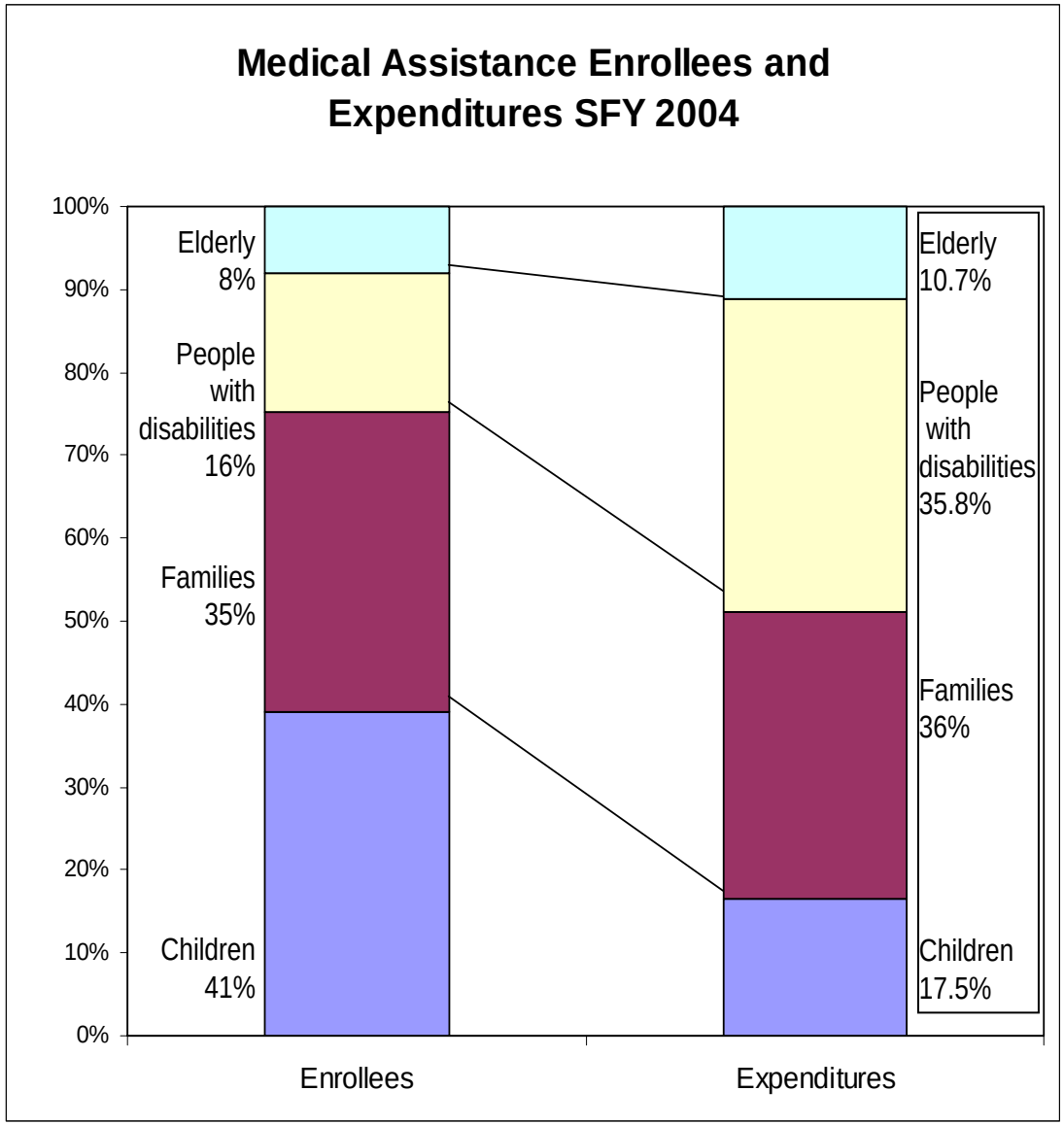


SOURCE: MMIS Aug 2005

Challenges may also be opportunities

- Consumer preference continues to be least restrictive services
- Consumers also want to direct their own care.
- CMS and public expectations for quality services in all settings – consumer preference needs to be balanced between cost and safety considerations.
- Societal changes reduce availability of informal supports but this must be balanced with need to encourage family responsibility.
- Behavioral issues are challenging
- Individuals want self-sufficiency, ability to work without losing benefits.

Medicaid Expenditures by Eligible



Chronic Care Initiatives

Current WA Projects:

- WA Medicaid Integration Project (WMIP)
- Medicare/Medicaid Integration Project(MMIP)
- Chronic Case Management
- Program for All-Inclusive Care for the Elderly (PACE)

Other States:

- Managed LTC initiatives
- Source Program in Georgia
- Disease management

LTC Insurance in WA

- Website of Office of Insurance Commissioner lists approved sales agencies
- OIC provides fact sheet about LTC insurance & information through SHIBA toll-free line.
- Health Care Authority website provides a toll-free number for state employee LTC insurance benefit administered by John Hancock.

Commonly used acronyms & Terms

- COPES – Community Options Program Entry System, Washington's largest Medicaid Home and Community Based waiver. Personal care services provided in client's own home, adult family home or boarding home
- MPC – Medicaid Personal Care, Washington's "state plan" service provides services in client's own home or adult family home
- LTC – Long Term Care
- CARE- Comprehensive Assessment and Reporting Evaluation, the assessment tool used to determine the needs of home and community clients and establish payment rates
- APS – Adult Protective Services, investigation of reports of abuse (physical, sexual, mental, or exploitation) abandonment, neglect, self-neglect or financial exploitation of vulnerable adults who live in their own home. APS staff are DSHS employees.
- SSI – Supplemental Security Income, basic income provided by the federal government to low income eligible persons
- HCBS- Home and Community Based Services, long-term care services provided in persons own home or in a residential facility that is less restrictive than a nursing home
- ADL – Activities of Daily Living, typically include needs such as bathing, dressing, eating, toileting, mobility
- AAA – Area Agency on Aging, a geographically based entity established under the authority of the federal Older Americans A ct. Thirteen AAAs in Washington plan for community LTC needs, administer Medicaid and supporting programs.
- I&A – Information and Assistance, a program operated by the AAAs to help individuals and families understand the available long-term care options
- CMS – Centers for Medicare and Medicaid Services – the federal agency responsible for administering the Medicare and Medicaid programs
- MDS – Minimum Data System – a data set proscribed by the federal government to determine the needs of nursing home clients. Used in Washington and a number of other states to determine "case mix" payment rates for nursing homes